

Department of State Revenue

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Issue

Federal Credit Union Taxation.

Authority: IC 6-8.1-1-1; 45 IAC 17-4-3; U.S. Constitution, art. VI, § 2; 12 U.S.C. § 1768 (F.C.U. Act § 122)

U.S.C. Title 12 FEDERAL CREDIT UNION ACT.

Sec. 1768 Taxation.

[Federal credit unions organized hereunder, their property... funds, and their income shall be exempt from all taxation now or hereafter imposed by... any State... or local taxing authority; except... (from taxes on real or tangible personal property)... [1934]

Facts

The taxpayer sells equipment and supplies to the banking industry. Sales are made to certain Federal Credit Unions in Indiana which claim an exemption from Sales Tax based on Federal statute.

Question

To what extent are Federal Credit Unions exempt from state taxes?

Response

Federal Credit Unions organized under the Federal Credit Union Act of 1934 as amended are exempt from Indiana taxes including Gross Income Tax, Sales and Use Tax, Adjusted Gross Income Tax, Supplemental Net Income Tax, county income taxes (if applicable), and Financial Institutions Tax. Federal Credit Unions are not exempt from property taxes imposed under IC 6-1.1. Federal Credit Unions are required to withhold from employee compensation, all taxes required by Federal and State statutes.